

**Statement of**  
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**Before the**  
**House International Relations Committee**  
**Subcommittee on Western Hemisphere**  
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**“The Illicit Drug Transit Zone in Central America”**

Chairman Burton, Ranking Member Menendez, and distinguished members of the subcommittee, on behalf of the Drug Enforcement Administration’s (DEA) Administrator Karen P. Tandy, I want to thank for your continued support of the men and women of DEA, as well as for the opportunity to testify today to discuss the illicit drug transit zone in Central America, its impact on the United States, and our efforts to prevent drug movement through that region.

I am particularly concerned about this area of the world; having spent considerable time in the region in the early 1990’s combating the cocaine traffickers operating there. At that time, DEA mounted a successful initiative called Operation Cadence that targeted air, maritime, and overland smuggling routes and the traffickers responsible for the flow of drugs transiting the northern-tiered countries of Central America. This operation had a significant impact on the drug flow throughout the area.

Since then, enforcement efforts have shifted to other areas which have resulted in a reduction of interagency counternarcotics resources in the region. As these resources have been repositioned, traffickers have returned to this region. We believe that to effectively combat drug trafficking in Central America, the United States must establish a sustained, flexible, focused, and multi-agency approach. DEA has been working closely with our agency colleagues to address this challenge in the region, under the auspices of the agency’s International Drug Flow Prevention Strategy.

**Threat Assessment**

Mexico and countries in Central America lie directly between the drug producing countries in South America and drug consumers in the United States. Geographically, these nations provide a natural conduit for illicit drug trafficking organizations which threaten our national security and influence governments throughout the region. This region will remain the primary transit zone for U.S.-bound drugs produced in Central and South America for the foreseeable future.

Today, all seven Central American countries are actively used by major trafficking organizations to smuggle drugs and money between South America and Mexico. To counter this threat, the DEA focuses on improving the region's counterdrug capabilities via liaison, institutional mentoring with host nation governments, bilateral investigations and by attacking the command and control structures of these drug trafficking organizations.

With few exceptions (notably Costa Rica and Panama), the countries in Central America are ill-equipped to handle the threat of drug trafficking. Many Central American countries are experiencing weak economies, and scarce resources are oftentimes allocated for other pressing problems. Police and other agencies are often under-funded and receive inadequate training. Consequently, some officials are susceptible to enormous bribes that drug traffickers can offer. The corrupting power of illicit drug trafficking organizations on the governmental institutions of Central America significantly increases the difficulties of mounting successful drug interdiction efforts.

Complicating this picture is the increased involvement by major Mexican and Colombian drug trafficking organizations in Central America. These powerful organizations rely on the hallmarks of organized crime to carry out their operations—namely, corruption, intimidation, and violence, thus creating a destabilizing effect on the region. Both South American and Mexican drug trafficking organizations are linking up with host-country transportation organizations and are highly compartmentalized, so that if one member or one cell is arrested, the entire operation is not compromised. Traffickers also use the latest technology such as cell phones, satellite phones, text messaging, HF/UHF/VHF radio communications, global positioning systems, and voice-over-internet protocol. Needless to say, these technical tools provide additional challenges to law enforcement.

### **Drug Trafficking Trends in Central America**

Cocaine, marijuana, and heroin are regularly smuggled through Central America. Historically, smuggling operations specialized in one type of drug, but increasingly, we find poly-drug smuggling organizations using various maritime, air, and land conveyances—oftentimes a combination of these methods—to smuggle narcotics north towards the United States.

The volume of the cocaine transiting Central America is enormous: according to the Office of National Drug Control Policy's Interagency Cocaine Movement Assessment (IACM), the majority of cocaine destined for the United States transits the Mexico/Central America corridor, as opposed to the Caribbean corridor. In 2004, according to the IACM, an estimated 92 percent of the cocaine destined for the United States transited this corridor which includes the maritime routes in the Western Caribbean and Eastern Pacific: and for the first six months of 2005, the Consolidated Counterdrug Database (CCDB) indicates that 90 percent of the cocaine destined for the United States transited the Mexico/Central America corridor.

Currently, the majority of the cocaine is believed to be smuggled to or around the Central America region via maritime conveyances. Drug traffickers use Central America's long coastlines, both along the Pacific and Caribbean oceans, for refueling and way stations en route from Colombia to points north. These areas are often remote with little or no law enforcement presence.

Cocaine is also transported by land within Central America, oftentimes via the Pan-American Highway which runs the length of the Isthmus. In addition, smugglers use a number of illegal trails and dirt roads that cross the borders between countries in Central America. Traffickers conceal cocaine in hidden compartments of vehicles, such as tractor-trailers, which are the most commonly used land conveyance.

Air smuggling continues to be an important smuggling method for transporting cocaine to Central America. Traffickers take advantage of the literally hundreds of airstrips located in Central American countries such as Guatemala and Belize. Since 2004, there has been a documented increase in the number of nighttime suspect air tracks originating in Colombia and terminating in northern Central America. From January 1 through September 30, 2005, 26 High-Confidence Suspect Air Tracks have been reported by the Joint Inter Agency Task Force-South (JIATF-S). Of these, two were successfully interdicted resulting in the seizure of over 1,700 kilos of cocaine and the arrest of five individuals.

Aerial photographs provided by U.S. assets reveal an "aircraft graveyard" in the northern Peten area of Guatemala. These photos demonstrate that drug traffickers are successfully flying drug shipments into the area; the area represents the final destination for many of these narcotic laden aircraft, which are either damaged on landing or are intentionally destroyed by the organizations. The area also provides the traffickers with logistical dominance over host country anti-narcotics police and a quick egress from Guatemala into Mexico via unpaved and unmonitored roadways.

Similar to cocaine, South American produced heroin is also transported into and through Central America via land and air. Unlike cocaine, heroin is often smuggled by people who swallow large numbers of small capsules (50-90), allowing them to transport up to 1.5 kilograms of heroin per courier. This heroin is destined primarily for the United States, but we have also seen incidences of commercial air transportation smuggling continuing on to European countries.

Heroin is often smuggled in bulk, kilogram quantities via maritime vessels and/or overland hidden in vehicles or imbedded in articles of clothing. Seizures range between 10 to 20 kilograms. It is important to note that heroin is typically valued at 8 to 10 times that of cocaine on America's streets.

The Eastern Pacific (EPAC) and the Western Caribbean present unique challenges to detection and monitoring: the EPAC due to its vast size, and the Western Caribbean because of the relatively short duration of go-fast smuggling events and the fact that many occur in or near the territorial waters of the surrounding countries.

Although Central America is primarily a transshipment point for Colombian heroin, Guatemala also grows opium poppy. While opium poppy cultivation in Guatemala is relatively limited compared to major producing areas such as Mexico and Colombia, it is a matter of concern to Guatemalan authorities, and there are indications that opium poppy cultivation within the country may be increasing. Opium gum produced in Guatemala is sent on to Mexico for processing into heroin and final sale in the United States.

Marijuana is cultivated in every country in Central America and is normally consumed within the producing country. Drug intelligence indicates that most of the marijuana is of inferior quality and if exported is transported to neighboring countries in Central America.

While Central America is not a major producer or a significant consumer of precursor chemicals, large quantities of precursor chemicals transit the area, particularly through Panama's Free Zone. It is unclear the extent to which these chemicals are diverted for illicit purposes. We believe that these legitimate chemicals are coming primarily from source countries in Asia.

The main obstacle to precursor chemical diversion interdiction in the region is a lack of host country legislation against trafficking in precursor chemicals. Where such laws do exist they are under-enforced, as most Central American countries and institutions are ill-equipped (manpower, training, and resources) to monitor or control the traffic in precursor chemicals. Most Central American countries maintain that they have some level of chemical control oversight, but their respective enactment, enforcement and effectiveness is unknown. All of the Central American countries are signatories to the 1988 Vienna Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances, where the signatories agreed to control and help monitor the flow of precursor chemicals.

There has been some success in efforts to encourage the strengthening of Central American countries' regulations regarding these precursor chemicals. For example, in June of this year, Panama President Martin Torrijos signed a Chemical Control Law that assists law enforcement with such oversight. The law assists in the regulation of an array of different activities and chemicals included in the 1988 Vienna Convention, and resulted in the creation of a multi-agency enforcement body namely the "Unidad de Control de Quimicos" to enforce the law. Further, the law institutes registration requirements, record-keeping and permit requirements, and allows for administrative, civil and penal sanctions.

### **Money Laundering in Central America**

Central America serves as both a transit zone and placement stage for drug cash profits. Most of the cash transiting or placed in financial institutions in Central America leaves the United States via the Southwest Border in bulk.

Just this past October, Panamanian authorities seized \$5.7 million in U.S. currency from a warehouse in the Colon Free Trade Zone in Panama. Initial inquiries have indicated that this cash was shipped overland from Mexico to Panama, thereby transiting several Central American countries. The Government of Panama and the DEA are aggressively investigating these trends at an unprecedented level of cooperation to identify the organizations and money laundering systems that operate behind this movement of drug cash.

As an international financial and commercial center, Panama's institutions remain vulnerable to money laundering and illicit financial transactions. Panama remains on the U. S. State Department's list as a country of "Primary Concern" for the major money laundering nations. Key factors that facilitate money laundering include an advanced infrastructure and well-developed financial-services sector that offers banking, which is essential to the sophisticated money laundering techniques used by the major drug cartels. There are no reliable estimates that exist on the total amount of money laundering taking place via Panamanian banks or other financial institutions. However, since being listed by the Financial Action Task Force in June 2000, Panama has taken aggressive steps to strengthen its anti-money laundering laws, governmental infrastructure, and private sector outreach, and has become a leader in Central America in the fight against money laundering.

The other Central American countries geographically positioned between Mexico and Panama exhibit varying degrees of vulnerabilities to storage and transportation of bulk drug cash as well as more sophisticated methods of money laundering. In El Salvador, for instance, there has been an increase in the detection of money laundering schemes under the cover of the estimated \$2.7 billion in remittances received in-country from U.S. sources annually. Traditional money laundering schemes usually occur through legitimate wire remitter services such as Western Union. The conversion by El Salvador to a dollar based economy has also made it more attractive for money laundering operations. Guatemala continues to be a placement stage for bulk cash, and like many of its Central American neighbors, Guatemala suffers from weak conspiracy laws as well as a lack of resources and expertise needed to aggressively combat financial crimes.

Several countries including Panama, have taken action to strengthen anti-money laundering legislation. If the governments of Panama and other Central America countries continue to implement and fully enforce newly-enacted legislation, this will

substantially decrease their appeal as a haven for money launderers. We are beginning to see indications of their political will and are monitoring their progress.

## **Country Profiles**

### **Guatemala**

Guatemala is a major transshipment and storage point for South American drugs en route to the United States. Its Eastern Pacific (EPAC) and Western Caribbean coasts provide the access needed for go-fast and containerized cargo to enter the country. Guatemala's numerous land routes out of the country facilitate drug transportation into Mexico.

In addition to land and maritime transportation, Guatemala is a primary landing zone, via hundreds of airstrips for general aviation aircraft transporting cocaine northward from Colombia. These small aircraft are disposable and are often destroyed (burned) immediately after the unloading process, adding to the "aircraft graveyard," discussed earlier. The lack of host country air assets, the nighttime usage of these airstrips by drug trafficking organizations, and the remote nature of the landing sites have made interdiction operations impossible for the Government of Guatemala.

While Guatemala remains principally a transit location for South American drugs destined for the United States, there are some indications of an increase in opium poppy cultivation within the country. We believe that opium gum that is produced in Guatemala is smuggled across the border and processed in Mexico with the U. S. as a final destination to the United States.

According to limited intelligence regarding the diversion of essential chemicals in Guatemala, it is believed that most of these chemicals enter the country at Puerto Santo Tomas de Castillo (a port on the Caribbean Sea) and are transported inland to Mexico via commercial vehicles.

In June, 2005, I traveled to Guatemala and met with President Oscar J. Berger where I communicated the DEA's support for Guatemala's legal reform. President Berger concurred with the need for a vetted police unit to gather intelligence, conduct undercover operations, and conduct international controlled deliveries. As a demonstration of both the DEA and Guatemalan commitment to this effort, the DEA Guatemala City Country Office has vetted a team of ten men and two women. This team is currently at the DEA's training facility at Quantico, Virginia for a five-week training course that focuses on subjects such as interviewing techniques, evidence handling, and intelligence gathering. The DEA has provided \$50,000 for the initial startup of this unit, and the Narcotics Affairs Section (NAS), Bureau of International Narcotics and Law Enforcement Affairs (INL) of the Department of State has committed additional funding and support for this initiative.

## **Belize**

Mexican drug trafficking organizations dominate the drug trade in Belize, while Belizean drug traffickers provide logistical support and security. Multi-hundred kilogram quantities of cocaine enter Belize via the Western Caribbean coast, transported from Colombia either by go-fast boats or by airplanes that air-drop the cocaine off the coast for subsequent recovery by small vessels. The majority of cocaine entering Belize is transported by land into Mexico.

A recent example of the scale of go-fast operations in the Western Caribbean involved a seizure that occurred on the Western Tobacco Caye Range, Belize. On September 12, 2005, as part of Operation All-Inclusive 1-2005, the DEA Belize Country Office in conjunction with the Belize Police Department Anti-drug Unit and the Belize Defense Force maritime and air components, seized ninety-nine bales of cocaine weighing a total of approximately 2,376 kilograms. It was later determined that the traffickers, operating from a go-fast, had hidden the drug load to avoid detection. This is the largest single cocaine seizure in Belize's history.

Similar to Guatemala, small and medium-sized aircraft transporting cocaine into northern Belize from Colombia are utilizing numerous airstrips in northern Belize.

Although Belize has had very limited signs of precursor chemical production, the Government of Belize, in keeping with the goals and objectives of the 1988 Vienna Convention Against the Illicit Traffic in Narcotic Drugs and Psychotropic Substances, has an existing precursor chemical program.

## **El Salvador**

El Salvador attracts Colombian and Mexican trafficking organizations seeking alternate routes to transship cocaine and smaller amounts of heroin to markets in the United States. Although the majority of cocaine passing north through El Salvador are hidden in vehicles transiting from Panama, Costa Rica, and Nicaragua towards Guatemala and Mexico, significant quantities of cocaine is smuggled into El Salvador via go-fast boats. Like Belize, El Salvador is used as a staging area for the transport of drugs north into Mexico and the United States.

Drug traffickers use containerized cargo either originating or transiting in El Salvador to conceal drugs. There has also been an increase in the number of Colombian, Guatemalan, Mexican, and Honduran narcotics and money transporters utilizing the international airport in El Salvador.

Salvadorans operate as independent transporters and frequently provide transportation services for more than one client/criminal organization. In many instances, Salvadoran traffickers are paid for their services in cocaine product that is either distributed for local consumption or smuggled to the United States. However, the majority of the cocaine and heroin transiting El Salvador is controlled by Colombian-based drug groups and supported by Salvadorans and Colombians living in El Salvador. The only controlled chemical produced in El Salvador is sulfuric acid. The Anti-

Narcotics Division has the capability to investigate the diversion of chemicals, but the chemical control laws are weak and are being reviewed for legislative reform.

### **Honduras**

Maritime vessels and land vehicles are the primary conveyances used in drug movement into, and through, Honduras. However, large quantities of drugs are also believed to be flown into Honduras. Go-fast vessels exploit the Moskita coast (La Moskitia) region located in the northeastern state of Gracias A Dios. It is a remote, underdeveloped area that is sparsely inhabited and with little legitimate police presence.

Drug traffickers move cocaine loads overland from Panama or Costa Rica through Honduras to Guatemala and Mexico via the Pan American Highway for further transshipment to the United States. These shipments are concealed within secret compartments in passenger vehicles and semi tractor-trailers.

Honduras is not a chemical producer, but chemicals are imported from the United States and Europe. The level of accountability and control is limited. The Honduran Ministry of Health is responsible for tracking chemical shipments that come into the country, but no real mechanism for control exists.

### **Nicaragua**

Historically, drug traffickers have used Nicaragua's long Pacific and Caribbean coasts for refueling and way stations en route from Colombia to points further north. Currently the area of greater concern is the Caribbean side, which is sparsely populated and has very limited police presence. This, along with the region's extremely high unemployment rate and inaccessibility of the coastal areas, makes the region an attractive location for drug traffickers.

Traffickers in this area use go-fast boats, fishing/shrimping/lobster vessels and coastal freighters to move drugs toward Mexico and the United States. Go-fast boats are often utilized to transport the cocaine directly from Colombia or the Island of San Andres to the eastern coastal region of Nicaragua. Fuel is readily available in the area because of the large, legitimate commercial fishing/shrimping export industry.

Traffickers continue to use the Pan-American Highway, which runs the length of the country, to transship drugs and money through Nicaragua concealed in vehicles with hidden compartments. Tractor-trailers continue to be the most commonly used vehicle. On August 11, 2005, as part of Operation All Inclusive, Nicaraguan counterparts seized \$1.2 million in U.S. currency from a southbound vehicle at the Penas Blancas checkpoint on the border with Costa Rica. Further investigation has revealed that the driver had conducted at least 12 similar bulk currency smuggling transactions over a 3 month time frame.



A unique historical situation and civil conflicts have left Nicaragua with a tradition of armed rural groups—and institutionalized violence—that greatly complicates counterdrug enforcement. The Nicaraguan National Police remains handicapped by a severe lack of resources.

Very little information has surfaced regarding the diversion of legitimate chemicals in Nicaragua. During 2004, at the request of the DEA, the National Police established a Chemical Control Unit. This unit has been tasked with conducting unannounced inspections of companies that hold large quantities of chemicals that are registered with the Nicaraguan Government.

### **Costa Rica**

Drug traffickers use Costa Rica as a storage and consolidation location for up to multi-ton quantities of cocaine en route north. Smaller kilogram quantities of heroin are also consolidated in Costa Rica prior to being sent via air couriers to the United States.

In 1998, the Colombian government instituted regulations and enforcement operations to halt the use of excess fuel on Colombian and foreign flagged vessels for refueling operations. Following reaffirmation of those regulations in 2001 and with the consent of the Colombian government, U.S. assets began assisting in the enforcement of those regulations by returning vessels to Colombia found to be in violation of these regulations. This contributed to drug traffickers increased use of Costa Rica as a logistical hub for maritime operations. With this change in drug trafficking patterns, there has been a sharp increase in Costa Rica's use as a staging point for refueling vessels.

Costa Rica does not produce controlled chemicals. The Ministry of Health is responsible for chemical control in Costa Rica and legislative statutes controlling the importation, exportation, and internal usage of 46 controlled precursor chemicals have been in effect since 1989. Further amendments in May 1998 strengthened controls and incorporated provisions of the Organization of American States model regulation. All imports of precursor and essential chemicals must be approved by the Drug Department of the Public Health Ministry, and all manufacturers of such substances must register with this ministry and submit samples.

### **Panama**

Panama's lengthy border with Colombia and the Canal make it a key staging area for smugglers. Additional factors that make Panama an attractive operating location for drug traffickers are limited resources for law enforcement, military, and public security institutions. Moreover, a large sophisticated international banking sector, the Canal Free Zone, and the cargo container port facilities on both ends of the Panama Canal make it a convenient trafficking location. Panama is also an international commercial air hub, with direct or connecting flights to the Americas, Asia, the Caribbean, and Europe.

Colombian, Mexican, Panamanian, and nationals from other Central American countries are active in directing large cocaine shipments to the United States through Panama. Maritime vessels of all types and sizes serve as the principal method of transporting multi-kilogram to multi-ton quantities of cocaine into and through Panama, or along its coasts.

Cocaine, the principal illegal drug transiting Panama, is routinely stockpiled in Panama prior to shipment onward to the United States and other worldwide destinations, particularly Europe. For example, on September 24, 2005, as part of Operation All Inclusive, Special Agents from the DEA Panama Country Office coordinated enforcement efforts with the Panama National Police and seized 3,979 kilograms of cocaine, two AK-47 assault rifles, 80 fifty-five gallon drums of gasoline and arrested nine traffickers. The cocaine and the gasoline were buried approximately two hundred meters from the beach.

Difficult geography and lack of infrastructure have also hindered Panama's efforts to efficiently control its western border and coastal areas. To address these smuggling threats, the United States Government is supporting a Panamanian National Police Mobile Inspection Team and infrastructure upgrades of the two inspection points.

A recent trend in transporting drug proceeds has escalated at the Tocumen International Airport (TIA) in Panama City, Panama. Bulk currency couriers (mostly Mexican, Colombian, and Haitian nationals) arrive at TIA and declare the currency. Because they declared the currency in compliance with Panamanian Laws regulating the declaration of incoming currency, the passengers are allowed to clear Customs with the currency and exit the airport. From May through December 2004, over \$17,000,000 in U.S. currency was declared and allowed to exit from TIA.

DEA intelligence and investigations have determined that the destination of the majority of the drug cash taken to Panama by these couriers is the Colon Free Trade Zone (CFTZ). This cash is used to pay debts incurred by Colombian businesses in the purchase of commodities from CFTZ companies. The commodities purchased by these Colombian businesses in the CFTZ are then smuggled into Colombia and sold, thereby evading the payment of millions of dollars in customs duties, and various taxes from the Government of Colombia. It is important to note that, at this point in the money laundering cycle, the drug cash is no longer owned by the drug traffickers, but by peso brokers who purchased the currency from the drug trafficking organization at an earlier point in time, and re-sold the cash to their business clientele. DEA is focusing its investigative resources on identifying and interdicting this drug cash earlier in the money laundering cycle, when it is still owned by the drug trafficking organizations, so that the seizure of the drug cash will impact on the drug trafficking organization, rather than the peso brokers and their business clientele.

Due to its geographic position, lax laws regarding chemicals and pharmaceutical controls, and its free trade zone, Panama has been utilized by chemical diverters to conduct their illicit activities. Realizing their lack of legal support, the Panamanian government recently enacted a chemical control law. This legal instrument was

implemented to regulate activities relating to chemicals that can be used in the production of illicit drugs.

## **Current DEA Operations**

### ***Challenges***

The DEA Special Agents and Intelligence Analysts assigned to Central American offices work with host country anti-narcotics agents in developing enforcement operations against those drug trafficking organizations with ties to the United States. In order to conduct these operations, the DEA works jointly with and relies heavily on U.S. resources provided by the Department of Defense (DoD), and the Customs and Border Patrol, (CBP), Department of Homeland Security (DHS).

During the past ten years, there has been a decline in U.S. government counter-narcotics assets in Guatemala as the air threat shifted to an overwhelmingly maritime threat. Moreover, previous Guatemalan Administrations, which were riddled with corruption scandals, responded by gutting the Guatemalan military units that had worked effectively in-country. The Ministry of Defense's D-2 Counterintelligence Unit, for example, went from a 50-person team to about five.

Evidence began to appear in 2003/2004 that cocaine traffickers might be returning to flights through Central American and into southern Mexico, mainly because of an increase in the number of unidentified but assumed suspect ROTH tracks fading into that region. In the second half of 2004, the number of unidentified but assumed suspect tracks dropped markedly. In 2005, preliminary data indicate that the number of unidentified but assumed suspect tracks is increasing over the 2004 level. The U.S. continues to monitor the situation, but traffickers still utilize maritime for more than 90 percent of the documented cocaine flow moving toward the United States.

El Salvador, Nicaragua, Honduras, Guatemala, and Panama each maintain a small naval contingent with limited resources available for counter narcotic operations. The Coast Guard assets in Belize and Costa Rica face the same resource issues as the other Central American countries. The maritime assets of these countries depend on DEA reimbursement to conduct nighttime operations.

Mobile Inspection Teams (MITs) have been established in each of the Central American countries. These are specialized units trained in identifying false compartments within conveyances, interview techniques, and rapid deployment. However, these MIT's are limited in their ability to travel throughout the country due to lack of fuel and subsistence. This has delegated them to one, possibly two, Ports of Entry leading in and out of their country. Specific overland operations, requested by the DEA, occur only if funding is provided by the Bureau of International Narcotics and Law Enforcement Affairs (INL) of the Department of State or the DEA.

### ***International Drug Flow Prevention Strategy***

In response to the President's National Control Strategy calling for market disruption by attacking the flow of drugs, the DEA developed a multi-faceted and multi-agency International Drug Flow Prevention Strategy (IDFPS). The primary objective of

the strategy is to cause major disruption to the flow of drugs, money and chemicals between the source zones and the United States.

Well-coordinated, interagency efforts are crucial to the achievement of this objective because of the limited availability of U.S. resources in the transit zones. Operational stages of the IDFPS consists of identifying the threat at hand; identifying the vulnerability of the threat; developing of operational plans targeting the threat and vulnerabilities; executing of the plan; and finally the assessing of the results.

### ***Operation All Inclusive I-2005***

Under the auspices of the International Drug Flow Prevention Strategy, the first initiative, Operation All Inclusive I-2005, was developed to target not only the EPAC and Western Caribbean transit zones of Central America, but the land mass of the Isthmus as well. Due to the enormous volume of illicit drugs and money moving within this region and the threat described earlier in this testimony, four areas were established to exploit vulnerabilities in the movement of drugs and monies. These four areas consist of: maritime, overland, commercial air, and private air smuggling.

Operation All Inclusive I-2005 commenced on August 5, 2005 and ended on October 8, 2005. Throughout the operation, participating agencies and the DEA offices in South, Central, and North America, provided immediate feedback through investigative means regarding reactions that traffickers made in response to enforcement operations. Operation All Inclusive was a multi-agency U.S. Government and host country effort, which demonstrated unprecedented levels of cooperation. Overall, this cooperative, interagency effort has had a significant impact. Intelligence clearly identified the disruption of maritime transportation operations. The following are a few examples of its success:

- Largest cocaine seizure in Belize – Over 2,300 kilograms
- Largest currency seizure in Nicaragua - \$1.2 million
- Largest currency seizure in Mexico City \$7.8 million
- Significant currency and cocaine seizure in Panama – 3.9 metric tons and over \$5.7 million
- Significant marijuana seizure as a result of a Mexico road interdiction operation – 21 metric tons
- Over 40 metric tons of cocaine was seized during this operation.

### ***Operation Panama Express***

Operation Panama Express (PANEX) is an interagency task force of agents and analysts from DEA, FBI, ICE and the Coast Guard engaged in a long-term investigation targeting the highest levels of traffickers responsible for the financing, production, transportation and distribution of cocaine throughout North America and Europe.

PANEX became a proactive investigation in January of 2000. Since that time, this operation has continued to expand by obtaining the intelligence necessary to effect the

interdictions of vessels operated by cocaine smuggling organizations. The following are arrest and seizure statistics for Panama Express for fiscal years (FY) 2003, 2004, and 2005. Seizure amounts include loads that were scuttled.

- FY 2003 - arrests - 216; seizures - 63,000 kgs
- FY 2004 - arrests - 261; seizures - 110,109 kgs
- FY 2005 - arrests - 310; seizures - 130,508 kgs

There have been approximately 211 interdictions credited to Operation Panama Express since its inception in 2000.

### ***Operation Firewall***

The north coast of Colombia is a major embarkation zone for go-fast vessels laden with multi-ton quantities of cocaine destined for the United States via the Caribbean and Central America. It is estimated that several hundred go-fast boats leave the Colombian north coast annually and each go-fast has the capability to transport between 1.5 and 2 metric tons of cocaine. To combat this situation, the DEA Cartagena Resident Office in conjunction with the Cartagena Tactical Analysis Team and JIATF-S developed a maritime interdiction program on the Colombian north coast called Operation Firewall. This program works in tandem with Panama Express and other maritime initiatives to target and maximize interdiction capabilities against Consolidated Priority Organization Targets (CPOTS), as well as Colombian transportation organizations operating in the Caribbean.

Since the inception of Operation Firewall in July of 2003, and through September of 2005, the program has resulted in the seizure in excess of 25,000 kilograms of cocaine.

### **Conclusion**

Drug trafficking organizations operating within production countries in South America use the Mexico/Central America corridor as the primary transit zone for illicit drugs destined for the United States. These organizations have the ability to overwhelm the limited defenses of these transit zone countries and the illicit funds available to them assists in overcoming the barriers attempted by transit zone countries.

The challenges presented by the drug trafficking organizations in Central America are significant. In comparison to the seizures on the Southwest border of the United States, which are frequently in the 50 kilogram range, drug seizures in the Transit Zone and the Eastern and Western Pacific corridor are often multi-ton in size, indicative of a strategy by traffickers to minimize losses. The DEA is committed to attacking those drug trafficking organizations operating within Central America and recognizes that interagency cooperation and coordination is fundamental to increase the efficiency of our operations in the transit zone. To combat this level of drug smuggling, the DEA strongly believes we must take an offensive approach to prevent the bulk drug shipments from moving further into the transportation chain where fragmentation occurs, in most

instances on the Mexican side of the Southwest border. Law enforcement must have the resources that were once available in the Western Caribbean and Eastern Pacific if we are to be successful against these drug trafficking organizations.

Thank you once again for the opportunity to testify here today. I look forward to answering any questions at this time.